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LEGISLATIVE HISTORY

Public Law 426--82nd Congress

Chapter 524--2nd Session

S. 2421

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DIGEST OF PUBLIC LAW 426

EMERGENCY POWERS. Amends and extends title II of the First War Powers Act, 1941, so as to empower the President to authorize any Government agency exercising defense functions to amend or modify contracts; permit advance payments on contracts; waive bond requirements on contracts, without regard to provisions of existing statutes relating to making, performance, modification, or amendment of contracts; and indemnify contractors against special defense hazards including war risks, whenever such actions would facilitate the defense program.

INDEX AND SUMMARY OF S. 2421

January 14, 1952	Mr. Russell introduced S. 2421 which was read twice and referred to the Committee on Expenditures in the Executive Departments. Print of bill as introduced.
May 1, 1952	Senate Committee reported S. 2421, Senate Report 1498. Print of bill as reported.
May 12, 1952	Senate passed S. 2421. Print of bill as it passed Senate and was referred to House Judiciary Committee. House Committee discharged.
June 26, 1952	House passed S. 2421 without amendment.
June 30, 1952	Approved: Public Law 426.

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82D CONGRESS
2D SESSION

S. 2421

IN THE SENATE OF THE UNITED STATES

JANUARY 14 (legislative day, JANUARY 10), 1952

MR. RUSSELL (by request) introduced the following bill; which was read twice and referred to the Committee on Expenditures in the Executive Departments

A BILL

To amend the Act of January 12, 1951 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That section 2 of the Act of January 12, 1951 (64 Stat.
- 4 1257), is hereby amended by striking out "1952" and
- 5 inserting in lieu thereof "1953".

A. BILL

To amend the Act of January 12, 1951 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941.

By Mr. RUSSELL

JANUARY 14 (legislative day, JANUARY 10), 1952
Read twice and referred to the Committee on
Expenditures in the Executive Departments

AMENDING THE ACT OF JANUARY 12, 1951 (64 STAT. 1257),
AMENDING AND EXTENDING TITLE II OF THE FIRST
WAR POWERS ACT, 1941

MAY 1, 1952.—Ordered to be printed

Mr. MOODY, from the Committee on Government Operations, submitted the following

R E P O R T

[To accompany S. 2421]

The Committee on Government Operations, to whom was referred the bill (S. 2421) to extend title II of the First War Powers Act of 1941, having considered the same, report favorably thereon, without amendment, and recommend that the bill do pass.

PURPOSE

Title II of the First War Powers Act, 1941, vests authority in the President to enter into or to amend or modify defense contracts without regard to existing law. It would give the President the power to authorize any Government agency exercising defense functions to (1) amend or modify contracts; (2) permit advance payments on contracts; (3) waive bond requirements on contracts, without regard to provisions of existing statutes relating to the making, performance, modification, or amendment of contracts; and (4) indemnify contractors against special defense hazards including war risks, whenever such actions would facilitate the defense program.

Title II of the original act was extended by Public Law 921 of the Eighty-first Congress on January 12, 1951, upon the recommendation of this committee. At that time the Congress adopted an amendment proposed by this committee to terminate the authority of Public Law 921 on June 30, 1952. The committee emphasized that by imposing this termination date there was involved no speculation as to how long the emergency would last or for what period the powers granted would be required. The committee agreed with the views of the President in his message to Congress December 18, 1950, that there was urgent need for the authority requested to meet conditions which had arisen

in connection with the national emergency. In adopting the termination date, the committee report (S. Rept. No. 2686, 81st Cong.), stated that such a limitation would—

permit the Congress to obtain reports relative to the operation of the provisions of the bill and the need for their continuation before the expiration date. This would in effect require the resubmission of the matter to Congress and its approval before continuation of the powers granted for an indeterminate national emergency.

The Senate report concluded that:

Representatives of the Department of Defense stated that there were at present 45 distress contracts in the Army alone under which contractors were facing possible bankruptcy because of fixed prices in such contracts, now entirely inadequate to meet increased costs. Unless the Congress takes immediate action many of these sources of supply will be denied the Government and, in certain cases, contract price adjustments are essential to keep the firms in production and to avoid bankruptcy. The main objective was explained to be, not to prevent losses on Government contracts because of increased costs except in extreme hardship cases, but to afford relief to small business firms who might otherwise be prevented from completing deliveries on such contracts because of increased costs.

The Department of Defense, in a letter to the President of the Senate dated December 29, 1951, requested further extension of the authority contained in Public Law 921 of the 81st Congress from June 30, 1952, to June 30, 1953, as necessary to the national defense effort. The committee, in considering the proposed bill, S. 2421, requested additional reports from the Department of Defense and comments from the Bureau of the Budget and the General Accounting Office in order to determine the necessity for continuing this authority.

NEED FOR EXTENSION OF TITLE II

The Bureau of the Budget has informed the committee that—

a continuation of the authority of title II of the First War Powers Act is clearly essential to the continued effectiveness of our mobilization program.

The Department of Defense, in a report signed by R. L. Gilpatric, Under Secretary of the Air Force, states that authority to modify contracts is vitally necessary to prosecution of the defense program in instances where labor, raw materials, and production costs rise to the point where a loss on a defense contract will impair the productive ability of a contractor whose continued operation is essential to national defense. The Department also indicated there were other aspects of the defense program which require the additional authority provided for in the subject bill, as set forth in the following report to the committee:

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, April 14, 1952.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
United States Senate.

DEAR MR. CHAIRMAN: I refer to your letter of March 28, 1952, requesting additional information as to the necessity for extension of title II of the First War Powers Act of 1941 for another year. The bill S. 2421, pending before your committee, would accomplish this purpose.

The Office of the Secretary of Defense has delegated to this Department the responsibility for replying to your request.

Pursuant to title II, the President may authorize Government departments which are exercising functions in connection with the national defense to enter into contracts and into amendments or modifications of contracts and to make

advance, progress, and other payments thereon without regard to the provisions of law relating to the making, performance, amendment, or modification of the contracts whenever he deems such action would facilitate the national defense. Pursuant to this authority, the President, on February 2, 1951, issued Executive Order 10210, authorizing the Secretaries of Defense, the Navy, the Army, and the Air Force to exercise the authority granted by title II with certain limitations.

The authority granted by this act has been considered in the present situation to be of an extraordinary nature and generally is used only in situations where the basic procurement statute, the Armed Services Procurement Act of 1947, does not meet the emergency need.

Examples of types of cases where the authority may be used include the following:

An amendment without consideration may be made where an actual or threatened loss on a defense product will impair the productive ability of a contractor whose continued operation as a source of supply is found to be essential to the national defense. Such action is not designed to afford relief to any contractor who suffers a loss or will not receive his anticipated profits but is rather designed to insure the continued availability of a necessary source of supply.

Contracts may be amended to correct mistakes and ambiguities. Such mistakes and ambiguities are often unavoidable in an expanded defense program, and the procedure affords expeditious and fair relief to assure continued production.

In some cases contractors may be asked to proceed in advance of a formal contract on written or oral instructions. Title II would permit entering into an appropriate contract providing fair compensation for materials, services, or facilities provided under such an informal commitment.

The authority to grant relief in the situations described above has been retained at high levels in each military department.

At the present time there are pending within the Department of Defense 74 claims, totaling \$13,177,873.11, for amendments without consideration; 60 claims, totaling \$1,428,542.18, for correction of mistakes; 15 claims, totaling \$251,315.89, for formalization of informal commitments. Relief on these claims can be expeditiously granted under authority of title II to permit the contractor to proceed with production.

There are situations in which Government contractors are engaged in especially hazardous work for the military services, and it is necessary to agree to indemnify them promptly for damages to facilities and equipment in order that the work may continue without delay. Title II would authorize such indemnities in lieu of insurance, the cost of which, if obtainable, would be prohibitive.

Title II further permits such acts as the extension of delivery dates in appropriate cases, and the making of advance payments or partial payments in situations where such payments would not otherwise be authorized. It has permitted the emergency sale of spare parts to civil airlines where necessary to keep the airlines operating.

The authority granted by title II is vitally necessary to the national defense effort. The expansion of industry and the pressure of defense procurement both in terms of volume and urgency impose heavy burdens on the industrial system. Procurement of such a complex nature in an era of rapid expansion and development inevitably causes strains and hardship. Without some flexibility in procurement authority, many concerns, particularly small concerns, would be lost to the defense effort.

The exercise of title II authority permits the defense agencies to make the necessary adjustments to assure the continued availability of essential productive capacity. Without this authority, it will be impossible to use the special procurement techniques necessary and proper in situations of military or production urgency, which permanent laws are not designed to afford.

As you know, title II now contains a provision that any contract entered into, amended, or modified under the title must contain a clause permitting the Comptroller General of the United States to examine the books and records of the contractor or of his subcontractors.

It is the view of the Department of Defense that the title II authority is a vitally necessary supplement to other contracting authority and it most earnestly urges the enactment of S. 2421.

Sincerely yours,

R. L. GILPATRICK,
Under Secretary of the Air Force.

A consolidated report upon action taken under title II of the First War Powers Act by the Department of Defense from February 21, 1951, to January 31, 1952, which also lists contract amendments pending as of the latter date, follows:

Actions taken by the Department of Defense under title II of the First War Powers Act, Feb. 21, 1951, to Jan. 31, 1952

Type of activity	Amendments without consideration		Correction of mistakes		Formalization of commitments	
	Number	Amount involved	Number	Amount involved	Number	Amount involved
1. Approved.....	21	\$8,210,336.45	107	\$653,090.67	10	\$79,982.46
2. Denied.....	93	9,727,204.23	41	597,236.40	3	259,764.81
3. Withdrawn.....	17	2,222,968.96	11	86,106.93		
Total.....	131	20,160,509.64	159	1,336,404.00	13	339,747.27
4. Pending.....	74	13,177,873.11	60	1,428,542.18	15	251,315.89

In a report to the committee, the General Services Administration strongly recommended enactment of S. 2421, stating:

The contracting authority latitude provided by title II of the First War Powers Act, 1941, as amended, is essential to meet the varying situations arising during the present national emergency.

OPPOSED BY THE COMPTROLLER GENERAL

Any further extension of title II of the First War Powers Act is opposed by the Comptroller General of the United States, who, in a report to the committee signed by Frank R. Yates, Acting Comptroller General, stated:

At the outset I wish to place myself on record as one who is a firm believer in the sanctity of contracts. Also, I believe that the laws with respect to contracting, etc., which the Congress has enacted over the years for the purpose of controlling and safeguarding the expenditure of public funds should not be lightly cast aside. Particularly, am I fearful of any law, such as that here involved, which, for all practical purposes, confers unlimited authority to modify contracts without consideration, provided only that it be certified that "such action would facilitate the national defense." The danger of abuse, inherent in the granting of such extraordinary power, must be evident.

It is appreciated that in periods of national emergency, circumstances do arise that make it desirable to enlarge the authority with respect to contracting procedures. Such a situation arose with the inception of the Korean conflict which skyrocketed both labor and material costs. As indicated in the above-quoted hearings,¹ it was considered that, in the interest of the national defense, remedial legislation was necessary to permit the adjustment or modification of certain fixed price contracts for military materials and supplies. It is now proposed in S. 2421 to extend the authority conferred by the act of January 12, 1951, from June 30, 1952, to June 30, 1953.

While the question of whether the act of January 12, 1951, should be extended for another year is one of policy for the consideration of the Congress, this Office is not informed of any compelling reason which would justify the proposed action. Certainly, no authority or power of so broad a scope should be granted if a clear case for its necessity cannot be made. It is assumed that the fixed-price contracts referred to in the prior hearings before your committee have been modified, or now will not be, and the circumstances justifying the act of January 12, 1951, amending and extending title II of the First War Powers Act, 1941, are not now present, at least to the extent they then existed. Costs of performance of contracts, while inflated, are nevertheless more stable.

¹ Hearings by Committee on Expenditures in the Executive Departments on S. 4266, 81st Cong., 2d sess. to amend title II of the First War Powers Act of 1941, December 20, 1950.

CONCLUSION

In reporting S. 2421 favorably, the committee wishes to emphasize that the extension of the broad powers contained in title II of the First War Powers Act for another year is not to be construed as an endorsement of a permanent or continuing Government policy. The extension is approved for a limited period only to allow the Department of Defense to modify defense contracts during the extraordinary economic conditions presently existing.

The committee also desires to reaffirm the intent of the Congress in enacting title II of the First War Powers Act. The legislative history of Public Law 921 of the Eighty-first Congress, which statute extended title II until June 30, 1952, indicates clearly that the Congress sought to achieve two primary objectives: (1) To protect military sources of supply by keeping defense suppliers in business, and (2) to afford relief to businesses incurring heavy losses on fixed-price contracts.

It is the committee's conviction that the application of the statute by the Department of Defense should give proper consideration to each of these objectives with sufficient attention to the financial distress suffered by individual contractors because of economic circumstances beyond their power to either anticipate or control.

Testimony presented to the Select Committee on Small Business of the United States Senate, which conducted hearings on the administration of Public Law 921 of the Eighty-first Congress, indicated strongly that injustices to various businesses had resulted from the Department of Defense's administration of the statute during 1951 and 1952. In its report (S. Rept. No. 1459), the Small Business Committee states:

The military has applied the law to meet the first of these objectives involving its own problems [to protect sources of supply] but with a stubborn disregard of practical justice has refused to meet the second [to afford relief in hardship cases].

After reviewing a score of complaints, the Small Business Committee came to the conclusion that the Department of Defense had so rigidly interpreted the authority to afford relief to hardship cases that the actual intent of title II had been all but emasculated by the restrictive regulations issued by the Department.

The regulations required that a contractor be essential to the national defense before he could qualify for relief. The Small Business Committee pointed out that title II as well as the implementing Executive order required merely that the granting of relief would facilitate the national defense and observed that the test contained in the Department of Defense regulations made it virtually impossible for a contractor to qualify for relief unless he was a sole supplier or one of a very few suppliers, regardless of the hardship he may have suffered under a fixed-price contract. The Small Business Committee thereupon recommended a change in the Department of Defense regulations.

The Committee on Government Operations endorses the conclusions contained in the report of the Small Business Committee on the administration of Public Law 921, Eighty-first Congress. It is the conviction of the Committee on Government Operations that where a defense contractor has suffered extreme financial hardship due to rising costs, material shortages, or other economic factors beyond his control, and

not within his contemplation at the time he accepted a fixed-price contract, such a contractor should be entitled to the relief the Congress intended title II to afford.

The Committee on Government Operations in approving extension of title II by no means suggests that the Department of Defense afford relief to every contractor who suffers financial loss on a contract, and reiterates its position as set forth in Senate Report 2686 that the main objective of the legislation is "not to prevent losses on Government contracts because of increased costs, except in extreme hardship cases." It is the view of this committee, however, that the present policy of the Department of Defense should be broadened so that proper consideration may be given to the defense contractor, or subcontractor, who, because of economic factors completely beyond his control, faces severe financial hardship or bankruptcy, as was intended under the original act.

The committee therefore recommends the enactment of S. 2421, which extends this contract modification authority to June 30, 1953.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

FIRST WAR POWERS ACT, 1941

SEC. 201. The President may authorize any department or agency of the Government exercising functions in connection with the national defense, in accordance with regulations prescribed by the President for the protection of the interests of the Government, to enter into contracts and into amendments or modifications of contracts heretofore or hereafter made and to make advance, progress, and other payments thereon, without regard to the provisions of law relating to the making, performance, amendment, or modification of contracts whenever he deems such action would facilitate the national defense: *Provided*, That nothing herein shall be construed to authorize the use of the cost-plus-a-percentage-of-cost system of contracting: *Provided further*, That nothing herein shall be construed to authorize any contracts in violation of existing law relating to limitation of profits: *Provided further*, That all acts under the authority of this section shall be made a matter of public record under regulations prescribed by the President and when deemed by him not to be incompatible with the public interest: *Provided further*, That all contracts entered into, amended, or modified pursuant to authority contained in this section shall include a clause to the effect that the Comptroller General of the United States or any of his duly authorized representatives shall have access to and the right to examine any pertinent books, documents, papers, and records of the contractor or any of his subcontractors engaged in the performance of and involving transactions related to such contracts or subcontracts.

Following are sections 2 and 3 of Public Law 921, Eighty-first Congress, as proposed to be amended:

SEC. 2. Title II of such Act, as amended, shall remain in force during the national emergency proclaimed by the President December 16, 1950, or until such earlier time as the Congress by concurrent resolution or the President may designate, but in no event beyond June 30, [1952] 1953.

SEC. 3. Nothing in this Act shall prejudice anything heretofore done under the said title II of the First War Powers Act, 1941, or the continuance in force of any action heretofore taken thereunder.

Calendar No. 1426

82D CONGRESS
2D SESSION

S. 2421

[Report No. 1498]

IN THE SENATE OF THE UNITED STATES

JANUARY 14 (legislative day, JANUARY 10), 1952

MR. RUSSELL (by request) introduced the following bill; which was read twice and referred to the Committee on Expenditures in the Executive Departments

MAY 1, 1952

Reported by Mr. MOODY, without amendment

A BILL

To amend the Act of January 12, 1951 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2 of the Act of January 12, 1951 (64 Stat.
4 1257), is hereby amended by striking out "1952" and
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82^d CONGRESS
2^d Session

S. 2421

[Report No. 1498]

A BILL

To amend the Act of January 12, 1951 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941.

By **Mr. RUSSELL**,

JANUARY 14 (legislative day, JANUARY 10), 1952

Read twice and referred to the Committee on
Expenditures in the Executive Departments

MAY 1, 1952

Reported without amendment

Sen. Connally inserted his cablegram to General Eisenhower and Eisenhower's reply thereto to the effect that reductions should not be made in the mutual security program appropriations in excess of the \$1 billion cut recommended by the Foreign Relations Committee (pp. 2098-9).

19. PURCHASING; WAR POWERS. Passed without amendment S. 2421, to extend until June 30, 1953, title II, First War Powers Act, 1941, which provides for the renegotiation of defense procurement contracts. (pp. 5104-5).
20. ANNUITIES. Passed without amendment H. R. 3401, to provide for an increase of \$300 yearly in the annuities of retired Foreign Service employees. This increase had been granted to civil service employees in 1948. (p. 5115.) This bill will now be sent to the President.
21. NOMINATION. Received the nomination of Thomas C. Buchanan to be a member of the Federal Power Commission (p. 5120).

ITEMS IN APPENDIX

22. ELECTRIFICATION. Sen. Hoey inserted three editorials protesting the Interior Department's delaying the construction of a power dam at Roanoke Rapids, N. C., and claiming this delay was because the dam was to be built by private enterprise instead of the Government. (p. A2997).
23. FLOOD CONTROL; SOIL CONSERVATION. Rep. Hagen spoke on his resolution to set up a joint committee to study a comprehensive flood-control program, and inserted a Benidji Pioneer editorial urging a program of small dams at the watershed areas and modern soil conservation practices to prevent floods and save farm soil (pp. A3017-8).
24. PRICES. Rep. Dolliver spoke against the Keogh bill (H. R. 6925) and in favor of the McGuire bill (H. R. 5767) on resale price maintenance (p. A2998).
25. ST. LAWRENCE SEAWAY. Rep. Van Zandt inserted a Philadelphia Inquirer article opposing this project (pp. A2014-5).
Rep. Blatnik inserted a St. Paul Dispatch article asserting that this was the last chance for the U. S. to join in this project before Canada starts building it herself (p. A3037).
26. COTTON. Rep. Brooks inserted an editorial congratulating the Louisiana cotton growers for a nearly record crop in 1951 (p. A3016).
27. SOIL CONSERVATION. Rep. Price inserted a Belleville editorial praising the work of Dr. Bennett as head of the Soil Conservation Service (pp. A3039-40).
28. RESEARCH. Rep. Jackson spoke on the peaceful uses of atomic energy including its use in farm research (pp. A3021-2).
29. FARM PROGRAM. Rep. Smith inserted an address by Dr. Herrell DeGraff, School of Nutrition, Cornell University, stating that the alternative to low level, flexible price supports are inflexible high supports with government dictation of acreage, production, and marketing (pp. A3022-3).
30. EXPENDITURES. Rep. Boggs inserted Rep. Phillips address before the U. S. Chamber of Commerce on the need for economy in government (pp. A3028-31).

31. CIVIL SERVICE PERSONNEL. Rep. Murray inserted Civil Service Commission Chairman Robert Ranspeck's address before the National Press Club on the need for better public understanding of Government employees and what they do (pp. A3031-2).

32. APPROPRIATIONS. Rep. Sheehan inserted a Chicago Sun-Times article claiming Congress allowed the Agriculture appropriation bill to be "steam-rollered" through almost intact (pp. A3034-5).

BILLS INTRODUCED

33. IMPORTS. H. R. 7793, by Rep. Andresen, to provide for standards to be prescribed by the Secretary of Agriculture governing imported agricultural food products; to Agriculture Committee (p. 5163).

34. SOIL CONSERVATION. H. R. 7796, by Rep. Abernethy, to make permanent Federal administration of ACP; to Agriculture Committee (p. 5163). Remarks of author (pp. 5157-8).

35. IMPORT CONTROL; PRICE SUPPORTS. H. R. 7798, by Rep. D'Ewart, to prevent imports of farm products at less than parity; to Agriculture Committee (p. 5163).

36. PERSONNEL RETIREMENT. H. R. 7805, by Rep. Phillips, to amend the Civil Service Retirement Act of May 29, 1930, as amended, so as to provide annuities for certain widows who were married at least 50 years to employees to whom such act applied; to Post Office and Civil Service Committee (p. 5163).

37. PERSONNEL LEAVE. H. R. 7806, by Rep. Reams, to authorize the participation by certain Federal employees, without loss of pay or deduction from annual leave, in funerals for deceased members of the Armed Forces returned to the United States from abroad for burial; to Post Office and Civil Service Committee (p. 5163).

38. ANIMAL DISEASE; FERTILIZER IMPORTS. H. R. 7816, by Rep. Bray, to require that all imported bonemeal be disinfected at the port of entry so as to destroy possible anthrax spores; to Agriculture Committee (p. 5164).

39. FLOOD CONTROL. H. R. 7817, by Rep. Davis, Tenn., to provide for emergency flood-control work made necessary by recent floods; to Public Works Com. (p. 5164).

40. CONSTRUCTION CONTRACTS. H. R. 7819, by Rep. Jackson, Wash., to prescribe policy and procedure in connection with construction contracts made by executive agencies; to Judiciary Committee (p. 5164).

BILLS APPROVED BY THE PRESIDENT

41. LANDS. H. R. 3540, to provide for boundary adjustments of the Badlands National Monument, S. Dak., with transfer of submarginal lands to this Department for administration under Title III of the Bankhead-Jones Farm Tenant Act. Approved May 7, 1952 (Public Law 328, 82nd Cong.).

42. CREDIT UNION. H. R. 6101, to extend the Federal Credit Union Act to the Virgin Islands. Approved May 8, 1952 (Public Law 329, 82nd Cong.).

Mr. HENDRICKSON subsequently said: Mr. President, I ask unanimous consent that the Senate return to Calendar No. 1419, Senate bill 556. Apparently there is a misunderstanding regarding that bill, because it was agreed between the Senator from Florida [Mr. HOLLAND] and the Senator from New Jersey that this measure would go over until the next calendar call and would be the first order of business on the next call.

Mr. HOLLAND. Mr. President, the Senator from New Jersey is correct. There may have been a misunderstanding at the desk, but the unanimous-consent agreement required that Calendar No. 1419, Senate bill 556, be the first item to be called at the next call of the calendar. I am sure that both the Senator from New Jersey and I were speaking of Senate bill 556 when the first item was called, because we understood that it was Calendar No. 1419.

Mr. HENDRICKSON. Mr. President, the Senator from Florida is entirely correct.

The VICE PRESIDENT. The bill was called, and there was no objection, and the bill was passed.

Does the Senator from New Jersey wish to move that the vote by which the bill was passed be reconsidered?

Mr. HENDRICKSON. Mr. President, I move that the vote be reconsidered.

The VICE PRESIDENT. Without objection, the motion to reconsider the vote by which the bill was passed is agreed to.

Mr. HENDRICKSON. Mr. President, I now ask unanimous consent that the unanimous-consent agreement which we invoked at the beginning of the calendar call be applied to this bill.

The VICE PRESIDENT. In the meantime House bill 7230, Calendar No. 1421, has been taken up; and we shall not further interrupt the consideration of that bill for the purpose requested by the Senator from New Jersey, but shall take up his request later on.

Mr. HENDRICKSON. Very well, Mr. President.

Mr. HOLLAND subsequently said: Mr. President, at this time I ask unanimous consent that Calendar No. 1419, Senate bill 556, the measure referred to a moment ago by the Senator from New Jersey [Mr. HENDRICKSON] and myself, be made an item for special call at the next call of the calendar.

The VICE PRESIDENT. Without objection, it is so ordered.

FREE ENTRY OF CERTAIN ARTICLES FOR EXHIBITION

The joint resolution (H. J. Res. 422) to permit articles imported from foreign countries for the purpose of exhibition at the Washington State-Far Eastern International Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

STAMP TAX ON CERTAIN DEPOSITS OF SECURITIES BY INSURANCE COMPANIES

The bill (H. R. 7230) to amend the Internal Revenue Code, so as to make

nontaxable certain stock transfers made by insurance companies to secure the performance of obligations, was announced as next in order.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. McFARLAND. Mr. President, is this Calendar No. 1421?

The VICE PRESIDENT. That is correct.

Mr. McFARLAND. I have amendments which I offer and send to the desk, on behalf of myself and a number of other Senators.

The VICE PRESIDENT. Does the Senator from Arizona wish to have the amendments read in full?

Mr. McFARLAND. No, I do not care to have them read in full.

The VICE PRESIDENT. Does the Senator from Arizona wish to speak in regard to his amendments?

Mr. McFARLAND. No, Mr. President; unless there is objection, I do not care to speak on the amendments. They are the same as the ones the Senate adopted last year for the benefit of the aged, the blind, and dependent children, except the amendments restore the increase to \$5.

Mr. WILLIAMS. Mr. President—

Mr. SCHOEPPEL. Mr. President, reserving the right to object—and I shall object to the consideration of this matter during the calendar call, because I do not think it is a proper subject of consideration during the call of the calendar—

Mr. McFARLAND. Very well, Mr. President, then I shall wait until the end of the calendar call.

The VICE PRESIDENT. The bill was announced, and the Senator from Arizona offered amendments to it.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the bill go to the foot of the calendar.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBERTSON subsequently said: Mr. President, I respectfully invite the attention of the chairman of the Finance Committee to the bill which has just been passed over, Calendar 1421, House bill 7230. That is a House bill which relates to stock transfers made by insurance companies. I think the bill has been made a special order for consideration on Friday of this week, for the purpose of considering primarily a nine-page amendment which would amend the Internal Revenue Code.

Mr. GEORGE. At the present time the bill has gone to the foot of the calendar, I may say to the Senator from Virginia.

Mr. ROBERTSON. That is so; but I wish to invite the attention of the distinguished chairman of the Finance Committee to the point that in my opinion every amendment to the Internal Revenue Code is a tax bill. That has repeatedly been held, regardless of whether the amendment affected taxes in fact or merely affected expenditures which must be met through taxes.

The amendments of the Senator from Arizona are prompted by a very worthy purpose; namely, to increase the Federal contribution to the aged and to children from three-fourths of \$20 to

four-fifths of \$25, and then one-half of the remaining \$30. Last year similar amendments were estimated to cost \$250,000,000 or more.

I am not questioning the fact that the elderly people and the children affected need more assistance; but I call attention to the fact that the Senate attempted to do the same thing in connection with another bill last year; and after the Senate had voted to increase the Federal contribution for old-age assistance, the bill was recommitted—and properly so—to the Senate Finance Committee, for it to consider the tax feature. The Finance Committee reported the bill in a greatly modified form. The bill was passed and was sent to the House of Representatives, and, of course, there it was referred to the Ways and Means Committee, which did what it always has done, and what it always will do in the future; namely, bury any tax bill which originates on the Senate side of the Capitol so as to convince us that when the Constitution says that tax measures must originate in the House of Representatives, the Constitution means just that.

Mr. President, I know that no Member of the Senate who sponsors these amendments—and some of the finest Members of the Senate favor them—deliberately wants the Senate to do an unconstitutional thing; yet, in my opinion, the proposal is both unconstitutional and futile.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield, because the distinguished Senator from Arizona is the leading patron of the amendment.

Mr. McFARLAND. There is no question that the Senate has a right to amend a revenue bill which comes from the House. That has been done heretofore. The last time those affected by the amendment received an increase, it was done in this manner; and the House accepted it. There is no question about the constitutionality of such action on the part of the Senate. If the Senator does not want to give the old people a chance to live, that is another proposition; but there can be no question about the constitutionality of the amendments. The Constitution is plain.

Mr. ROBERTSON. The Senator from Virginia stands corrected.

Mr. McFARLAND. The Constitution permits the Senate to amend revenue bills originating in the House, and the Senate has frequently done so. It often incorporates in revenue bills provisions which are not contained in the bills when they come to the Senate. We do that whenever a tax bill comes to the Senate.

Mr. ROBERTSON. The Senator from Arizona is correct. The Senator from Virginia, whose attention had just been brought to this matter, had assumed the bill relating to a transfer of stock made by an insurance company was not in the nature of a revenue measure; but, by looking at the calendar, he finds that the bill in question was reported from the Senate Finance Committee. Evidently, as the Senator from Arizona says, it is a revenue bill, and therefore the Senate has the privilege of amending it in any way it chooses, with respect to

the Internal Revenue Code. Therefore, the constitutional issue cannot be raised; but there is involved the issue whether we are going to increase the direct obligations of the Government at this time by \$250,000,000.

The Senator from Virginia realizes, of course, that the old people affected are entitled to have more money, because their pensions do not now have the same buying power they have had heretofore.

The VICE PRESIDENT. The time of the Senator from Virginia has expired.

Mr. ROBERTSON. Mr. President, if I may be permitted to continue for one more minute, I merely want to make one little comment on what this pension situation is.

The House did not appropriate the amount necessary in order to pay the pensions already due under the civil-service rules. The Senate committee is now wrestling with the question of whether it will provide the additional money in a pending appropriation bill, or will merely say, "We know it is not enough, but we will let the House, next year, come up with a supplemental bill." However, it must be paid either this year or next year.

The Chairman of the Civil Service Commission told us that the accrued liabilities of the pension system for civil service employees were approximately \$5,000,000,000, that the accrued liabilities of the Railroad Retirement Act and represented approximately \$9,000,000,000; and he told us, as did another witness who had testified before another committee, the total accrued liabilities of all the pension plans of the Government, including civil service, veterans, and others, were approximately \$250,000,000,000.

That is a very sobering situation. I mention it now because I should like the Senate to be considering what it is going to do about this measure, before it comes up on Friday. I put the Senate on notice that, as a Member of the Appropriations Committee, if the Congress votes to increase the pensions for the aged and the children, I, as a Member of the Appropriations Committee, am going to vote to pay the bill when the bill is presented to us.

The VICE PRESIDENT. The Senator's time from Virginia has again expired.

FREE IMPORTATION OF OLYMPIC GAMES RACING SHELLS

The bill (H. R. 4902) to permit the importation free of duty of racing shells to be used in connection with preparations for the 1952 Olympic games was considered, ordered to a third reading, read the third time, and passed.

TAX ON CERTAIN FIREARMS

The bill (H. R. 7189) to amend the provisions of the Internal Revenue Code which relate to machine guns and short-barreled firearms, so as to impose a tax on the making of sawed-off shotguns and to extend such provisions to Alaska and Hawaii, and for other purposes, was announced as next in order.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. Mr. President, may we have an explanation of this measure, please?

Mr. GEORGE. Mr. President, the real purpose of this bill is to make subject to the registration provisions and transfer provisions of existing law all guns that have been sawed off and which fall within the category of sawed-off shotguns or sawed-off rifles, and also to apply the same provisions to Alaska and the Hawaiian Islands.

This bill has been passed by the House of Representatives. No objection was raised there to the bill, and none was raised to the bill in the Senate Finance Committee, from which the bill was unanimously reported.

The bill simply makes such guns which are sawed off by individuals subject to the same transfer tax that applies in the case of manufacturers of like instruments.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 7189) was considered, ordered to a third reading, read the third time, and passed.

REMOVAL OF CERTAIN TAXES ON DOMESTIC RECTIFICATION OF VODKA

The bill (H. R. 5282) to amend section 2800 (a) (5) of the Internal Revenue Code was announced as next in order.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, reserving the right to object, let me say that I understand this proposed amendment to the Internal Revenue Code applies entirely to vodka.

Mr. GEORGE. That is correct.

Mr. HENDRICKSON. I wonder whether we may have an explanation of the bill.

Mr. GEORGE. Mr. President, this is a House bill. It was passed without objection by the House of Representatives, and came to the Senate, and was referred to the Finance Committee. The Finance Committee approved the bill.

The purpose of the bill is to relieve from the rectification tax of 30 cents a proof gallon imposed by section 2800 (a) (5) of the Internal Revenue Code vodka produced by rectifiers by treating pure spirits in the same manner as such spirits are authorized to be treated in producing vodka at registered distilleries.

In other words, the purpose of the bill is to remove the discrimination against the rectifiers. Already the discrimination against vodka produced at registered distilleries has been removed by previous act of Congress.

No objection is made to this bill by the Alcohol Tax Unit or by the Treasury Department.

Mr. HENDRICKSON. Mr. President, I understand that this bill applies only to vodka which is produced domestically.

Mr. GEORGE. That is entirely correct; the bill applies only to vodka produced in the United States.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 5282) was considered, ordered to a third reading, read the third time, and passed.

EXCISE TAX ON PHOTOGRAPHIC APPARATUS

The bill (H. R. 5998) to amend the excise tax on photographic apparatus was considered, ordered to a third reading, read the third time, and passed.

WAR POWERS IN CONNECTION WITH DEFENSE CONTRACTS

The bill (S. 2421) to amend the act of January 12, 1951 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941, was announced as next in order.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. May we have an explanation of the bill, please?

Mr. MOODY. Mr. President, this bill would extend the powers of title II of the First War Powers Act. Its purpose is to give the military authorities another year within which to dispose of approximately 74 cases in one category, and approximately 60 in another category, which should be readjusted under the provisions of the act as it now exists. The act, however, will expire on June 30 unless we renew it.

The purpose of the renegotiation is dual: First, to protect the military sources of supply by keeping defense suppliers in business; and, second, to prevent the Government from doing a practical injustice to businesses which have made bids in good faith, but which have been adversely affected by changed economic conditions.

Mr. President, this bill applies primarily to fixed-price-bid contracts which were made before the Korean invasion. Testimony was taken extensively by the Small Business Subcommittee on Mobilization and Procurement, of which I happen to be the chairman, indicating that the increase in costs of material and labor, after Korea, played havoc with a number of small businesses which had entered bids in good faith and had then found that their costs rose rapidly.

The purpose of the original law, when enacted by the Congress, was twofold. It was, first, to prevent defense suppliers from being driven out of business, which would handicap the Government in the procurement of material; and, second, to see to it that no practical injustice was done to small businesses.

That is the only purpose of this bill. It is not put forward as a permanent policy of the Government. It is merely an extension for a limited period, because the evidence and testimony before our two committees indicated that such an extension should be made.

Mr. SCHOEPPPEL. Mr. President, will the Senator from Michigan yield for a question?

Mr. MOODY. I yield.

Mr. SCHOEPPPEL. As I understand, this bill grew out of a series of hearings conducted by the junior Senator from Michigan, as chairman of the subcommittee, which indicated the existence of certain practices, or of certain restrictive interpretations which were placed on some of these contracts for the military. I gather that the bill is designed to liberalize the restrictive interpretation as it affects procurement contracts made with small business. Is that not true?

Mr. MOODY. When the Senator says this bill grew out of the hearings to which he refers that is not quite correct, because it is merely an extension of the present law. It is true that the Committee on Small Business has been very critical of the administration of this law by the Department of Defense. As my colleague on the Small Business Committee and on the Committee on Government Operations, the Senator from Kansas well knows we conducted a rather extensive series of hearings which brought out the fact that the Department of Defense had promulgated regulations which took care of the situation from their own angle, that is, the angle which would protect their sources of supply. But they failed to take into account the question of practical justice to a small business, which should not have been penalized because of a change in economic conditions beyond its control.

In one case, in Massachusetts, for example, the evidence indicated that a small-business concern had trained other concerns in making the type of item it was furnishing to the Army through the Quartermaster Corps, and that, having done that, it was not the only supplier of this type of item. Since it was not the only supplier, it was no longer essential to the Department of Defense that this particular business remain in existence, and therefore, under the regulations and interpretations of the law by the Department of Defense, the business could receive no relief under the law. I am sure the Senator from Kansas read the report of the Small Business Committee, because we incorporated it as a part of the report of the Committee on Government Operations. Our purpose in that was to make very clear the legislative intent of the Congress. As we extend the present law, if it be the judgment of the Congress that it should be extended, we intend to take care of bidders who in good faith have made their bids and have then been penalized. We do not intend, of course, that the Government bail out firms which merely have miscalculated their bids. But those who have dealt in good faith, and have been hit by circumstances beyond their control, should be given consideration and action. For the benefit of my distinguished friend from Kansas, I should like to add that I have already written, as chairman of the subcommittee, to Mr. Lovett, the Secretary of Defense, and I am expecting a reply

from him with reference to the future policy of the Department of Defense in implementing the law. I believe this action is in accord with the views of the Senator from Kansas.

The VICE PRESIDENT. The time of the Senator has expired. Is there objection to the consideration of the bill?

There being no objection, the bill (S. 2421) to amend the act of January 12, 1952 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 2 of the act of January 12, 1951 (64 Stat. 1257), is hereby amended by striking out "1952" and inserting in lieu thereof "1953."

CONSTRUCTION OF AERONAUTICAL RESEARCH FACILITIES

The bill (H. R. 6336) to promote the national defense by authorizing the construction of aeronautical research facilities by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research was announced as next in order.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

Mr. HENDRICKSON. Mr. President, reserving the right to object, I understand the bill involves approximately \$20,000,000. I wonder, therefore, if we might have an explanation of the bill.

Mr. KNOWLAND. The Senator is quite correct.

Mr. McKELLAR. Mr. President, will the Senator from California yield to me for a moment?

Mr. KNOWLAND. I shall be glad to yield to the distinguished Senator from Tennessee.

TRANSFER TO THE STATE OF TENNESSEE OF CERTAIN LANDS IN THE VETERANS' ADMINISTRATION CENTER, MOUNTAIN HOME, TENN.

Mr. McKELLAR. As the Senator from California knows, the Committee on Appropriations has a committee meeting at 1 o'clock this afternoon. I ask unanimous consent that the Senate proceed immediately to the consideration of Calendar 1440, Senate bill 2959, authorizing the transfer to the State of Tennessee of certain lands in the Veterans' Administration Center, Mountain Home, Tenn.

Mr. KNOWLAND. Since my distinguished colleague is chairman of the subcommittee on which I serve and I know he has to preside at the meeting, I shall be glad temporarily to postpone action on Calendar 1427, House bill 6336.

Mr. HENDRICKSON. Mr. President, I dislike mightily to tell my distinguished colleague from Tennessee that by request I shall have to ask that the bill be passed over, but I should like to ask unanimous consent that it be considered at the next call of the calendar. I want the distinguished Senator to understand that the Senator from New Jersey has no objection.

Mr. McKELLAR. I understand that fully. I merely want to say that there

are two amendments to the bill. I am quite sure that whoever asked the Senator from New Jersey to object will withdraw his objection at the proper time.

The VICE PRESIDENT. Unanimous consent has been requested that Senate bill 2959 be called at the next call of the calendar. The Chair hears no objection, and it is so ordered.

CONSTRUCTION OF AERONAUTICAL RESEARCH FACILITIES

Mr. KNOWLAND. Mr. President, again referring to House bill 6336 to promote the national defense by authorizing the construction of aeronautical research facilities by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research, the bill provides the National Advisory Committee for Aeronautics with the authorization necessary to enable it to carry out its construction program planned for fiscal year 1953.

The bill authorizes the appropriation of a total of not to exceed \$19,700,000. Of this aggregate sum approximately \$18,000,000 is for technical facilities. The remainder is for the housing of those facilities.

The major portion of the authorization—\$13,000,000—is for expenditure at the Langley Aeronautical Laboratory and involves the conversion of the 19-foot pressure tunnel for dynamic model testing and the equipping of a high-temperature structural research laboratory.

The remainder of the authorization—\$6,592,000—is for construction at the Lewis Propulsion Laboratory and involves the expansion of the high-pressure air supply and distributing system and the facilities for full scale jet engine research.

There is a committee amendment to the bill which rewrites section 3 in such a manner as to limit the authorization to not to exceed the definite dollar amount of \$19,700,000.

Section 2 contains authorization to be exercised at the discretion of the Director of the National Advisory Committee for Aeronautics to vary upward in the amount of 10 percent, the approximate costs enumerated for the two locations and by such further amounts as may be concurred in by the Director of the Bureau of the Budget so long as such transfer of funds is to meet unusual costs variations and does not exceed the aggregate of \$19,700,000 as authorized by the bill.

Hearings were held on the bill before a subcommittee under the chairmanship of the distinguished senior Senator from West Virginia [Mr. KILGORE] with the senior Senator from California as a member.

The bill was reported unanimously by the Committee on Armed Services. It was recommended by the National Advisory Committee for Aeronautics and has the concurrence of the executive branch of the Government as is shown by the letter appearing on page 4 of the committee report.

In conclusion, Mr. President, I may say that I think all the Members of the

Senate, particularly those who are members of the Armed Services Committee and who are familiar with the developments in aviation and the importance of keeping abreast and ahead of developments, feel that this Nation must not be caught in a second-best position. The only way to avoid that situation is to continue as rapidly as possible research and development work.

Mr. HENDRICKSON. Mr. President, I thank the distinguished Senator from California for his explanation.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 6336) to promote the national defense by authorizing the construction of aeronautical research facilities by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research, which had been reported from the Committee on Armed Services with an amendment on page 2, line 14, after the word "appropriated," to strike out "such sums of money as may be necessary," and insert "not to exceed \$19,700,000."

Mr. JOHNSON of Colorado. Mr. President, I wonder if the Senator from California will answer a question for me.

Mr. KNOWLAND. I shall be glad to.

Mr. JOHNSON of Colorado. It is with respect to House bill 6336. Does this bill have anything to do with commercial aviation, or is it strictly military?

Mr. KNOWLAND. It relates to basic research. While it is essential that we keep ahead of the procession in connection with military aviation, I think that out of this basic research will come information which undoubtedly will be of value to commercial aviation. But primarily, I would say, in answer to the Senator's question, that it is to keep us in a position where we shall not be second best in our air power.

Mr. JOHNSON of Colorado. I am surprised that the bill was not referred to the Committee on Interstate and Foreign Commerce which handles aviation questions. I notice that it is reported from the Committee on Armed Services. I wonder why that is the case.

Mr. KNOWLAND. I will say to the distinguished Senator, who is chairman of the Committee on Interstate and Foreign Commerce, that a similar bill last year was referred to the Committee on Armed Services.

Mr. JOHNSON of Colorado. Mr. President, I offer an objection, and ask that the bill go to the foot of the calendar and that it be considered on the next call of the calendar, so that the Committee on Interstate and Foreign Commerce may have an opportunity to study its implications.

Mr. KNOWLAND. I will say to the distinguished Senator from Colorado that, of course, he is entirely within his rights and it is perfectly proper to make the request which he has made, but I hope, in the interest of advancing our own air position and particularly in view of the situation in the field of military air power, when we know that the Soviet Union has made tremendous progress,

there will be no unnecessary delay and that prompt action will be taken by the Senate. I hope that at the next call of the calendar the Senate will be prepared to consider the proposed legislation.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado [Mr. JOHNSON]? The Chair hears none, and it is so ordered.

Mr. CASE. Mr. President, I should like to address a question to the distinguished Senator from California.

Is it a fact that the authorization is needed in order to protect appropriations for the purposes described in the bill?

Mr. KNOWLAND. I believe the Senator from South Dakota is correct.

Mr. CASE. Is it not a fact that projects of this type have been proposed to the National Advisory Committee for Aeronautics, but action on them has been prevented on the ground that there was no authorization?

Mr. KNOWLAND. I will say to the Senator that I am not able to give him a categorical answer to that question.

Mr. CASE. Mr. President, the reason for my raising the reservation of objection is that in times past we have found that proposals have been presented to the National Advisory Committee for Aeronautics, but that committee lacks appropriations for certain projects. I certainly join with the Senator from California in hoping that expeditious consideration can be given to the bill. I think it is important that research continue and that it be not delayed. Therefore, I hope consideration of the bill will not be delayed.

Mr. KNOWLAND. I think the Senator from South Dakota is correct in his general premise that authorization legislation is needed, for I believe that without it such a provision would be subject to a point of order in an appropriation bill. The question I cannot answer is whether the point was made in the House, and for that reason the appropriation was stricken.

Mr. CASE. As to specific projects.

The PRESIDING OFFICER. Is there objection to the inclusion of the bill in the next call of the calendar? The Chair hears none, and it is so ordered.

CHAIN OF ROCKS CANAL, ILL.— RETROCESSION OF JURISDICTION

The bill (H. R. 1949) to retrocede to the State of Illinois jurisdiction over 154.2 acres of land used in connection with the Chain of Rocks Canal, Madison County, Ill., was considered, ordered to a third reading, read the third time, and passed.

CONVEYANCE OF CERTAIN REAL PROPERTY TO TERRITORY OF HAWAII

The bill (H. R. 4511) to authorize the Secretary of the Navy to convey to the Territory of Hawaii certain real property of Kahulani, Wailuku, Maui, T. H., was announced as next in order.

Mr. SCHOEPEL. Mr. President, inasmuch as considerable property is involved, may we have an explanation of the bill?

Mr. CAIN. Mr. President, this bill would authorize the Secretary of the Navy to convey without reimbursement to the Territory of Hawaii a naval air station located on the Island of Maui.

The station comprises approximately 1,300 acres. The land on which it is located was acquired at an original cost of \$500,000. The improvements cost \$28,000,000.

A great share of the improvements are temporary. Many have been removed, and the entire station has suffered considerable deterioration.

The situation with regard to this particular piece of property is unique in that the property is surplus to the present needs of the Defense Department and other Federal departments, but would be necessary in case important naval operations were to be carried on in the Pacific Ocean area.

The problem therefore is how to assure the best interim use and maintenance of the station at a minimum cost to the Federal Government. The bill seeks to accomplish this objective by incorporating three specific conditions in its provisions. First, the Territory shall not alienate its title to the property conveyed nor lease any part of it, except for public airport purposes.

Second, the Territory is required to maintain, or cause to be maintained in a condition suitable for public airport purposes, the improvements now existing on the land as well as those which may hereafter be constructed thereon.

Third—and perhaps most significant—right of recapture for use by the United States in time of war or in time of national emergency is provided and in addition, the Federal Government may after 30 days' notice in writing, repossess title to property including all or any part of the improvements erected thereon by the Territory.

Under the bill as amended, the United States would make compensation only for the acquisition of title to any personal property erected by the Territory without Federal aid. No payment would be required for the use of any of the installations in the event of recapture of title by the United States.

The normal method of disposing of surplus airports is through the Surplus Airport Act. This procedure is not feasible in this particular case because the property is only temporarily surplus, and a definite mobilization need for its recapture exists in the event of certain eventualities in the Pacific area.

Furthermore, experience has shown that in making disposals under the Surplus Airport Act, very serious difficulty is encountered in cases where the Federal Government desires to re-enter the property and erect permanent construction thereon. There is no legal means by which fee title can be recaptured without outright purchase.

It is to meet this difficulty that the bill contains specific provision that all right of reentry both for use and ownership can be reverted in the Federal Government without payment, except for realty construction thereon subsequent to the conveyance of the Territory.

The committee has been informed that the provisions of H. R. 1949 are

S. 2421

IN THE HOUSE OF REPRESENTATIVES

MAY 13, 1952

Referred to the Committee on the Judiciary

AN ACT

To amend the Act of January 12, 1951 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2 of the Act of January 12, 1951 (64 Stat.
4 1257), is hereby amended by striking out "1952" and
5 inserting in lieu thereof "1953".

Passed the Senate May 12, 1952.

Attest:

LESLIE L. BIFFLE,

Secretary.

AN ACT

To amend the Act of January 12, 1951 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941.

MAY 13, 1952

Referred to the Committee on the Judiciary



NAYS—113

Anfuso	Hart	Morgan
Ayres	Havener	Morrison
Bakewell	Hays, Ohio	Moulder
Barrett	Heffernan	Multer
Blatnik	Heller	Murphy
Bolling	Hertter	Murray
Buchanan	Heselton	O'Brien, Ill.
Buckley	Holifield	O'Brien, Mich.
Canfield	Howell	O'Brien, N. Y.
Cannon	Irving	O'Neill
Case	Jackson, Wash.	Osmer
Celler	Javits	Ostertag
Chudoff	Karsten, Mo.	O'Toole
Clemente	Kean	Patterson
Crosser	Keating	Philbin
Dawson	Kelley, Pa.	Price
Delaney	Kelly, N. Y.	Rabaut
Denton	Kennedy	Radwan
Dingell	Keogh	Rhodes
Dollinger	Kerr	Ribicoff
Donohue	Kersten, Wis.	Rodino
Donovan	King, Calif.	Rogers, Colo.
Doyle	Kirwan	Rooney
Eberharter	Klein	Roosevelt
Engle	Kluczynski	Ross
Feighan	Lane	Sadlak
Fine	Lesinski	Scott
Flood	McCarthy	Hugh D., Jr.
Fogarty	McCormack	Seely-Brown
Forand	McGrath	Shelley
Fulton	McGuire	Slominski
Furcolo	McKinnon	Spence
Garmatz	Machrowicz	Staggers
Gordon	Mack, Ill.	Taylor
Granahan	Madden	Wier
Green	Magee	Yates
Hall	Miller, Calif.	Yorty
Edwin Arthur Hand	Mitchell	Zablocki
	Morano	

NOT VOTING—40

Aandahl	Evins	Richards
Abernethy	Fenton	Sabath
Addonizio	Frazier	Sasser
Albert	Gore	Steed
Allen, La.	Kee	Stigler
Aspinall	Lyle	Sutton
Bates, Ky.	Mahón	Tackett
Beckworth	Morris	Thompson, Tex.
Burdick	Morton	Vinson
Carlyle	Pickett	Welch
Carnahan	Powell	Wickersham
Davis, Tenn.	Ramsay	Woodruff
Dempsey	Rankin	
Eaton	Reece, Tenn.	

So (two-thirds having voted in favor thereof) the bill was passed, the objections of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

On this vote:

Mr. Fenton and Mr. Reece of Tennessee for, with Mrs. Kee against.

Mr. Abernethy and Mr. Vinson for, with Mr. Addonizio against.

Mr. Eaton and Mr. Morton for, with Mr. Aspinall against.

Until further notice:

Mr. Rankin with Mr. Woodruff.

Mr. Wickersham with Mr. Aandahl.

Mr. Dempsey with Mr. Burdick.

Mr. MURPHY changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

GENERAL LEAVE TO EXTEND

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may insert their remarks in the RECORD on the veto message, prior to the roll call.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, it happens that my first speech in Congress in February 1929 was against the national origins clause. I ask unanimous consent in connection with my remarks that I may include the speech I made in the House in February 1929.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

(Mr. FINE asked and was given permission to revise and extend his remarks.)

AMENDING THE FIRST WAR POWERS ACT

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 2421) to amend the act of January 12, 1951 (64 Stat. 1257) amending and extending title II of the First War Powers Act 1941 and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the bill?

Mr. CELLER. Mr. Speaker, I want to say firstly that this bill has the unanimous vote of the Committee on the Judiciary. It seeks to extend title II of the First War Powers Act for 1 year. Those powers expire on Monday next, and in a word they empower the Department of Defense to make certain fair and equitable amendments and changes in procurement contracts. For example, in some instances there is permitted extension of delivery dates in appropriate cases and the making of advance payments or partial payments where such payments would not otherwise be authorized. It has permitted the emergency sale of spare parts to civil airlines when necessary to keep airlines operating.

Mr. MARTIN of Massachusetts. I understand it is chiefly a matter concerning the Department of Defense, and it is a unanimous report on the part of the committee?

Mr. CELLER. Substantially the Department of Defense—not completely but substantially the Department of Defense. There is a safeguarding provision, namely: the Comptroller General must pass upon all these changes.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CELLER]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act of January 12, 1951 (64 Stat. 1257), is hereby amended by striking out "1952" and inserting in lieu thereof "1953".

The bill was ordered to be read a third time, was read the third time, and passed,

and a motion to reconsider was laid on the table.

INDEPENDENT OFFICES APPROPRIATION ACT, 1953—CONFERENCE REPORT

Mr. THOMAS. Mr. Speaker, I call up the conference report on the bill (H. R. 7072) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1953, and for other purposes, and I ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 25, 1952.)

Mr. THOMAS. Mr. Speaker, I understand there will be a motion to recommit by our distinguished colleague from California [Mr. PHILLIPS]. In order to be perfectly fair in the matter, I understand I have 1 hour, and I want to yield one-half of that to the gentleman from California [Mr. PHILLIPS]. We will have only two or three speakers on this side and I would like to close debate so if the gentleman will use his 30 minutes it will be fine.

Mr. PHILLIPS. I thank the gentleman, and, in accepting the terms of that offer, I yield myself 10 minutes.

(Mr. PHILLIPS asked and was given permission to revise and extend his remarks.)

Mr. PHILLIPS. Mr. Speaker, the hour is late, and the question before us, grouped as one problem, is a very simple problem.

The conference report on independent offices, when we went to conference with the Senate, had 132 points at issue. Several of those were technical points. The important point is that out of the entire lot, the committee of conference was in agreement upon all those which I can now group.

In order to save time, the minority managers on the part of the House, did not sign the report and I shall explain our reasons for that. I shall also say that in order to save time we will not attempt, as the items are read by number in the conference report, to amend or change or to return any of those at that time. At the proper time I shall offer a motion to recommit, and in order that this matter may be clear in the discussion I shall read the motion to recommit:

I move to recommit the bill H. R. 7072 to the committee of conference with instructions to the managers on the part of the House to insist on the House provisions on the number of housing units to be commenced in fiscal 1953—

Which is item 47—

to insist on the inclusion of the money necessary for new hospital construction.

This is for veterans' hospitals and appears as item 82—

to insist on the orderly formula for personnel replacement contained in the so-called Jensen amendment.

That is item 128, which I shall further explain—

and further to insist on the Senate provisions for the appropriations for maritime training.

Items 97 to 103, inclusive.

There was one other item because of which the minority members did not sign the report, and that had to do with the number of steam plants for the Tennessee Valley Authority. But since it is a small matter, whether we discuss it in this conference report or whether we discuss it tomorrow when the supplemental bill comes up, the minority members with whom this was discussed decided not to include that in the motion to recommit.

Why do we bring this back? Because when this subcommittee came to you with the independent offices bill we said to you that these were our best opinions, and in several of those cases, by recorded vote upon the floor, you changed our decisions. We felt that we did not have the right to accept in conference the changes which were made in the Senate and concurred in by a majority of the conferees without bringing it back to the floor for action.

On the floor on March 20 we proposed 25,000 houses. The gentleman from Texas [Mr. FISHER] offered an amendment limiting that to 5,000 houses. This was carried by a recorded vote. The Senate changed this to 45,000 houses, and by a vote of approximately 2 to 1 in the conference 35,000 houses would be permitted to be started in fiscal year 1953.

There are many people upon this floor who believe that that is a larger number of houses than should be permitted to be started in the fiscal year 1953, and you will have an opportunity to express your opinion whether you agree with the people who think that way.

On the matter of the Jensen amendment I want you to understand thoroughly what the situation is, because I, for one, think it is very important. Actually, in many of the individual agencies for which we are providing money we, between the House and Senate, have cut the amount to an amount equal to or less than the amount which would have been provided in the Jensen amendment. The question therefore arises, why do I ask you to vote on the Jensen amendment to authorize us to insist upon the orderly formula for personnel replacement? Because if we do not insist upon this and send us back to conference the head of an agency, included in this bill, will have the right to remove people to meet the reductions in money and, therefore, in personnel, at his judgment.

The Jensen amendment provided a formula by which people who left the agency for any reason, voluntarily or otherwise, would not be replaced until these figures were reached; and I, for one, think that is an important amendment and that we should insist upon it.

I do not believe that this House knowingly would permit the figure to stand for the Veterans' Administration hospitals. The Senate cut out all construction for the new hospitals for veterans, leaving us in this situation—and please, Mr. Speaker, I do not stand here to defend the number of hospitals that have been built, the number of beds in the hospitals that have been built, or the location of the hospitals that have been built. For 10 years I have been endeavoring to induce the Veterans' Administration to make a re-evaluation of the veterans' hospital program. We have built these hospitals, whether or not they were correct; we have built them of a size which may or may not have been correct, and now when we reach the greatest need of all, the need for neuropsychiatric hospitals, with one stroke the other body cuts out the money for the neuropsychiatric hospitals, the NP hospitals.

In the program there were four hospitals, one to be built in the Middle West—that was not in this money and that will come next year—one to be built in the Middle West, Cleveland, of a thousand beds; and two to be built on the west coast of a thousand beds each. We have leveled ground for one of them and have asked for bids. We have acquired the land for the other. We would have to stop the bids and pay a penalty.

We may have put hospitals in the wrong place, we may have built too many general medical and surgical hospitals, but we cannot today deny the hospitals most needed for the veterans where the veterans are today and not where they used to be 10 years ago.

And so, in conclusion, because I do not wish to delay the House, it seems to me that the House should send us back to conference on the four items I have indicated in this particular motion to recommit.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. VAN ZANDT. The four hospitals that have been cut out by the Senate, is that in addition to the 16,000 beds the President took away from the VA some years ago?

Mr. PHILLIPS. That is correct as I understand it.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mrs. ROGERS of Massachusetts. I understand the conferees have approved the full amount of the budget estimate for research, including work in connection with prosthetic appliances. There is to be no reduction in the number of nurses, dieticians, and so forth?

Mr. PHILLIPS. That is correct.

The SPEAKER. The time of the gentleman from California has expired.

Mr. PHILLIPS. Mr. Speaker, I yield myself two additional minutes.

Mr. COTTON. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from New Hampshire.

Mr. COTTON. I am sure that the gentleman from California will agree with me when I interpolate this observa-

tion. I think those of us representing the minority side of the subcommittee have always admired greatly our chairman, the distinguished gentleman from Texas [Mr. THOMAS]. I, for one, never admired him so much as in the course of the conference on this bill. He did a truly magnificent job and he came back with a magnificent victory on almost all of the 130 items. He saved the important language in the housing clause, he saved the important Thomas rider, he saved a great deal of the matters that are very important in this bill. I am sure the gentleman from California will agree that it is only because of the solemn vote taken in this House on the housing question and on the matter of veterans' hospitals as well as the Jensen amendment that compels us to come back to make sure that the House passes on those vital questions; is that correct?

Mr. PHILLIPS. The gentleman makes my peroration for me. That is exactly the situation. We greatly admire the gentleman from Texas [Mr. THOMAS] and, furthermore, we bring this bill back with an unusual condition in it—with less money than when it left the House. I think this marks a milestone in the relations between the two bodies.

Mr. SEELY-BROWN. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. Will the gentleman explain to us why we have to consider all four of these together?

Mr. PHILLIPS. Because all four are in the minds of some people. You may not be interested in all four, other people are not interested in the ones you are interested in.

I neglected to say anything about the maritime appropriation. I will not go into it at length, but it has to do with the maritime training schools which is an obligation of the Federal Government and which I feel is important.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Is there any possibility under the present procedure to have the four items divided as separate amendments so that there could be separate votes on each one?

Mr. PHILLIPS. No; I am making them as one motion to recommit.

The SPEAKER. The time of the gentleman from California has expired.

Mr. PHILLIPS. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Speaker, I simply want to explain some points of the Jensen amendment. I want every Member of this body to know that there is nothing in the Jensen amendment any place which keeps a department from reducing its personnel to a greater degree than what is provided for in the Jensen amendment. Also on items which the committee and the conferees have reduced to a greater degree than is provided in the Jensen amendment the figures in the bill still hold good. In other words, the Jensen amendment

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S. 2421

AN ACT

All 66 Stat. 295.

To amend the Act of January 12, 1951 (64 Stat. 1257), amending and extending title II of the First War Powers Act, 1941.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of January 12, 1951 (64 Stat. 1257), is hereby amended by striking out "1952" and inserting in lieu thereof "1953".

50 U.S.C. app.
§ 611 note.

Approved June 30, 1952.

